

**FEDERAL ELECTION COMMISSION**  
**999 E Street, N.W.**  
**Washington, D.C. 20463**

**FIRST GENERAL COUNSEL'S REPORT**

MURs: 7078 & 7084  
DATES COMPLAINTS FILED: 6/1/2016,  
6/14/2016  
DATES OF NOTIFICATIONS: 6/3/2016,  
6/6/2016, 6/15/2016  
DATE OF LAST RESPONSE: 8/22/2017  
DATE ACTIVATED: 9/20/2016

EXPIRATION OF SOL: 10/16/2017 –  
5/8/2021  
ELECTION CYCLES: 2012, 2016

**COMPLAINANT:**

Lisa Clarkson

**RESPONDENT(S):**

Scott W. Taylor  
Scott Taylor for Congress and John G. Selph  
in his official capacity as treasurer  
Scott Taylor for Delegate  
Stephen Baggs and Systems Technology  
Forum, Ltd.  
Thomas Bates and RK Chevrolet, Buick,  
Subaru, Inc.  
Darek Dabbs and Sera-Brynn LLC  
Eric Kimble and Kimble Companies/Penn-  
Ohio Coal Co.  
Ronald Kramer and Kramer Management  
Enterprises, Inc.  
Shawn Kuhle and Turner Strategic  
Technologies  
Tactical Defense Solutions LLC  
William W. Lee, Jr. and National Research  
Group, LLC  
Bob Miller and Miller-Stephenson &  
Associates, P.C.  
David H. Mutzabaugh and ThunderCat  
Technology, LLC  
Richard D. Roberts and Norfolk Southern  
Corporation  
Eric Sisco and Virginia International

**RELEVANT STATUTE(S)  
AND REGULATIONS:**

52 U.S.C. § 30101(4)  
52 U.S.C. § 30101(8)  
52 U.S.C. § 30101(9)(A)  
52 U.S.C. § 30101(17)  
52 U.S.C. § 30102(e)(1)  
52 U.S.C. § 30103  
52 U.S.C. § 30104  
52 U.S.C. § 30116  
52 U.S.C. § 30118(a)  
52 U.S.C. § 30119(a)  
52 U.S.C. § 30125(e)  
11 C.F.R. § 100.3(a)(1)  
11 C.F.R. § 100.5(a)  
11 C.F.R. § 100.52  
11 C.F.R. § 100.111  
11 C.F.R. § 100.113  
11 C.F.R. § 101.1(a)  
11 C.F.R. § 102.1(a)  
11 C.F.R. § 104.20  
11 C.F.R. § 104.3  
11 C.F.R. § 109.10  
11 C.F.R. § 110.1(g)  
11 C.F.R. § 110.3(d)  
11 C.F.R. § 110.11(a)  
11 C.F.R. § 114.2  
11 C.F.R. § 115.2  
11 C.F.R. § 115.5  
11 C.F.R. § 115.6  
11 C.F.R. § 300.61

Internal Revenue Service

**I. INTRODUCTION**

The Complaints allege that Scott Taylor ("Taylor"), Scott Taylor for Congress and John G. Selph in his official capacity as treasurer (the "Committee"), and two non-profit entities associated with Taylor, Special Operations OPSEC Education Fund and Special Operations OPSEC Political Committee, violated many provisions of the Federal Election Campaign Act of 1971, as amended (the "Act") and Commission regulations.

For the reasons set forth below, we recommend that the Commission dismiss the allegations that the Committee used non-federal funds to host its campaign website, and that it failed to include disclaimers, timely file its Statement of Organization, report certain expenditures, and properly attribute an LLC contribution. We further recommend that the Commission find no reason to believe that the Committee used state funds to send a campaign email, or that it knowingly solicited contributions from federal contractors. We also recommend the Commission find no reason to believe that Respondent contributors violated the ban on federal contractor contributions. Finally, we recommend that the Commission dismiss the allegations pertaining to both OPSEC entities.

**II. FACTUAL SUMMARY**

Scott Taylor was a Member of the Virginia House of Delegates, and ran for Congress in Virginia's Second District in 2010 and 2016.<sup>1</sup> Taylor filed his 2016 Statement of Candidacy on February 4, 2016, and designated the Committee as his principal campaign committee. John G. Selph is the Committee's treasurer.

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<sup>1</sup> Taylor lost the Republican Primary in 2010, and won election to Congress in 2016.

1 Taylor was also the chairman of a 501(c)(4) organization, Special Operations OPSEC  
2 Education Fund ("Education Fund").<sup>2</sup> The Education Fund was formed by former U.S. military  
3 special operations veterans to express concern about the Obama administration's alleged leaks  
4 for political purposes of sensitive information regarding special operations.<sup>3</sup> In 2012, the  
5 Education Fund reported spending approximately \$500,000 for electioneering communications  
6 criticizing President Obama. A related — but now defunct — entity, OPSEC Political  
7 Committee, reported making \$63,350 in independent expenditures opposing President Obama's  
8 2012 re-election. Neither OPSEC group reported electioneering communications or independent  
9 expenditures in 2016.

10 The Complaints allege the following violations of the Act and regulations regarding  
11 Taylor's 2010 and 2016 congressional races:<sup>4</sup>

- 12 • Taylor announced his 2016 federal candidacy using state legislative resources and  
13 failed to include a required disclaimer.<sup>5</sup>
- 14 • The Committee filed a Statement of Organization on February 4, 2016 — later  
15 amended on February 23, 2016 — but began soliciting funds as early as January 16,  
16 2016, and triggered candidate status no later than January 20, 2016.<sup>6</sup>

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<sup>2</sup> Taylor is listed as the person exercising control over the Education Fund in the group's electioneering communication filings in 2012 and 2013. The group has interchangeably referred to Taylor as both president and chairman in public communications, most recently in a March 4, 2016, Facebook post listing Taylor as OPSEC's chairman. At some point after March 4, 2016, but before July 6, 2016, Jamie Williamson appears to have succeeded Taylor as president, though it is unclear if Taylor continues to serve in a leadership position or otherwise exercises control over the Education Fund. See Kristina Wong, "Ex-special ops group blasts Clinton email decision," THE HILL, <http://thehill.com/policy/defense/286711-group-representing-former-special-operators-blasts-clinton-email-decision> (July 6, 2016). The group's website does not list its leadership or organizational structure.

<sup>3</sup> See <http://www.opsecteam.org/background.html>.

<sup>4</sup> The Complaint also alleges that Taylor's 2010 federal committee failed to file a number of disclosure reports after Taylor withdrew from the 2010 Congressional race. Compl. at I (June 1, 2016). The Complaint cites to nineteen notices of failure to file issued to the previous committee. We note that the Commission administratively terminated the 2010 committee in June 2015, and it is not a respondent in this matter.

<sup>5</sup> Compl. at ¶¶ 1-2.

<sup>6</sup> *Id.* at ¶¶ 3-5.

- The Committee failed to report expenditures for several public events promoted on Taylor's Facebook page.<sup>7</sup>
- The Committee received unreported in-kind contributions from Taylor's state legislative campaign.<sup>8</sup> From January through February 2016, the Committee's website used the same URL as Taylor's state legislative campaign, and the Committee reported no reimbursements to the state committee.
- The Committee reported a \$1,000 contribution from an LLC with the note "attributed equally to owners," but did not disclose the owners of the LLC.<sup>9</sup>
- The Committee solicited and accepted contributions from federal contractors.<sup>10</sup>
- The Education Fund failed to properly file electioneering reports for the period between October 16, 2012, and November 4, 2012, and the OPSEC Political Committee failed to file complete and timely disclosure reports.<sup>11</sup>
- The OPSEC entities failed to register as political committees and file required disclosure reports.<sup>12</sup>

### III. ANALYSIS

#### A. Use of State Email and State Committee Website; Lack of Disclaimer

The Committee denies using state letterhead or an official email account.<sup>13</sup>

A federal candidate, or an entity directly or indirectly established, financed, maintained or controlled by or acting on behalf of a federal candidate, is prohibited from soliciting, receiving, directing, transferring, or spending funds in connection with an election for federal office that are

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<sup>7</sup> *Id.* at ¶¶ 6-7.

<sup>8</sup> *Id.* at ¶ 8.

<sup>9</sup> *Id.* at ¶ 9.

<sup>10</sup> Supplemental Compl. at II (June 14, 2016).

<sup>11</sup> *Id.* at III (citing Commission requests to amend reports).

<sup>12</sup> *Id.*

<sup>13</sup> Resp. at ¶ 1 (June 23, 2016).

not subject to the limits, prohibitions, and reporting requirements of the Act.<sup>14</sup> Because Virginia law permits a state committee to accept unlimited direct contributions from any individual, corporation, union, association, or partnership, Taylor's Virginia state committee account likely contains funds not subject to the Act's limits and prohibitions.<sup>15</sup> Further, Commission regulations prohibit the transfer of funds or assets from a candidate's nonfederal campaign committee to his or her federal committee.<sup>16</sup> Political committees must include disclaimers on emails containing substantially similar messages sent to more than 500 recipients.<sup>17</sup>

Although the Committee's announcement email contains a header identifying Taylor as a State Delegate, it does not appear to be on official state letterhead, and the announcement was sent from a private email account. We therefore recommend that the Commission find no reason to believe the Committee used nonfederal funds to send the campaign announcement email.

Respondents admit, however, that Taylor's state committee incurred expenses for hosting the federal Committee's website.<sup>18</sup> Those expenditures constitute impermissible in-kind contributions.<sup>19</sup> The value of those contributions appears *de minimis*, and the Committee is no longer using the state committee's website.<sup>20</sup> Accordingly, we recommend that the Commission

<sup>14</sup> 52 U.S.C. § 30125(e)(1)(A); 11 C.F.R. § 300.61.

<sup>15</sup> See Virginia Department of Elections, Summary of Laws and Policies: Candidate Campaign Committees (Sept. 14, 2015) at 17; 52 U.S.C. §§ 30116(a), 30118(a).

<sup>16</sup> 11 C.F.R. § 110.3(d).

<sup>17</sup> *Id.* § 110.11(a).

<sup>18</sup> Resp. at ¶ 8.

<sup>19</sup> The Committee did not disclose any in-kind contributions for website hosting in subsequent reports. The Commission has previously found that use of a candidate's state funds for federal campaign activity is impermissible. See MUR 6267 (Paton, *et al.*); MUR 5426 (Shultz, *et al.*).

<sup>20</sup> A review of the website as of October 2016 reveals that the domain hosted by the state committee, <http://scotttaylorforva.com/>, is no longer available, and that the Committee website is now <http://scotttaylor.us/>. The new site includes a disclaimer stating that the website is paid for by the federal Committee.

1 dismiss this allegation as to Scott Taylor for Delegate and the Committee, and send a cautionary  
2 letter to the Committee.<sup>21</sup>

3 Respondents also admit that the announcement email lacked a disclaimer, but claim that  
4 the omission was inadvertent and quickly corrected.<sup>22</sup> It is likely that Taylor's campaign  
5 announcement was sent to more than 500 recipients. However, because the Response represents  
6 that the mistake was inadvertent and promptly corrected, we recommend that the Commission  
7 exercise its prosecutorial discretion and dismiss this allegation.<sup>23</sup>

#### 8 **B. Failure to Timely File and Amend Statement of Organization**

9 Respondents argue the Committee timely mailed the Statement of Organization, and  
10 promptly amended it to include Taylor's name.<sup>24</sup> Under 52 U.S.C. § 30101(2), an individual  
11 becomes a candidate when the individual seeks nomination for, or election to, federal office and:  
12 (a) such individual receives contributions or makes expenditures in excess of \$5,000, or (b) such  
13 individual gives his or her consent to another person to receive contributions or make  
14 expenditures on behalf of such individual, and if such person has received contributions or has  
15 made expenditures in excess of \$5,000.<sup>25</sup> Within 15 days after becoming a candidate, he or she  
16 must file a Statement of Candidacy designating a principal campaign committee.<sup>26</sup> Within 10

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<sup>21</sup> See *Heckler v. Chaney*, 470 U.S. 831 (1985); MUR 6773 (Nestande, *et al.*) (dismissing use of nonfederal funds allegation because expenses were *de minimis*). A cautionary letter is appropriate because the Committee did not amend its reports, as it represented it would.

<sup>22</sup> Resp. at ¶ 2.

<sup>23</sup> See *Heckler*, 470 U.S. 831; see also MUR 6841 (Reid, *et al.*) (dismissing allegation that committee failed to include the proper disclaimer with an email solicitation).

<sup>24</sup> Resp. at ¶ 5.

<sup>25</sup> 11 C.F.R. § 100.3(a)(1)-(2).

<sup>26</sup> 52 U.S.C. § 30102(e)(1); 11 C.F.R. § 101.1(a).

1 days after filing a Statement of Candidacy, the principal committee must file a Statement of  
2 Organization.<sup>27</sup>

3 Although the Committee timely filed its Statement of Organization, it did not include  
4 Taylor's name on the form. However, the Committee amended the statement within two days of  
5 receiving a Request for Additional Information ("RFAI") from the Commission's Reports  
6 Analysis Division ("RAD"). Accordingly, we recommend that the Commission dismiss this  
7 allegation.<sup>28</sup>

8 **C. Failure to Report Expenditures in Connection With Campaign Events**

9 The Act and regulations require a committee to report its aggregate operating  
10 expenditures.<sup>29</sup> A committee must also report the full name and address of each vendor who  
11 receives payment in excess of \$200 within an election cycle.<sup>30</sup> The Committee published several  
12 invitations on Facebook to events at restaurants that promised food and drink, but its reports  
13 disclose no corresponding expenditures. The Response states that these events were "informal  
14 gatherings" that did not generate any expenses.<sup>31</sup> While it is unlikely that these events did not  
15 generate any expenditures, the amounts were likely small. Thus, we recommend that the  
16 Commission dismiss this allegation with a letter of caution.<sup>32</sup>

<sup>27</sup> 52 U.S.C. § 30103(a); 11 C.F.R. § 102.1(a).

<sup>28</sup> *See Heckler*, 470 U.S. 831.

<sup>29</sup> 52 U.S.C. § 30104(b)(5); 11 C.F.R. § 104.3(b)(2)(i).

<sup>30</sup> 11 C.F.R. § 104.3(b)(4)(i).

<sup>31</sup> Resp. at ¶ 7.

<sup>32</sup> *See Heckler*, 470 U.S. 831; MUR 6536 (Gonzalez for Congress, *et al.*) (dismissing allegation that committee failed to report disbursements in part because of the small amount at issue).



**D. Incomplete Disclosure of an LLC Contribution**

Contributions by an LLC that elects to be treated as a partnership by the Internal Revenue Service are treated as partnership contributions.<sup>33</sup> Partnership contributions, in turn, must be attributed to both the partnership and to each partner, either in direct proportion to the partner's share of the entity's profits or by agreement among the partners.<sup>34</sup> Additionally, an LLC that makes a contribution must affirm to the recipient committee that it is eligible to make such a contribution, and must indicate how the contribution is to be attributed.<sup>35</sup> The Commission's LLC attribution regulations were implemented partly to prevent the use of LLCs to evade the Act's source and amount limitations.<sup>36</sup> One of those source limitations is the prohibition on accepting direct contributions from corporations.<sup>37</sup>

Respondents failed to report the attribution of a \$1,000 donation from Beachfront LLC received on March 3, 2016. The Committee states that after receiving the Complaint, it contacted the LLC but could not verify whether the entity was eligible to make the contribution, so the Committee refunded it on June 22, 2016.<sup>38</sup> Thus, the Committee may have failed to properly itemize the partners' contributions, or may have impermissibly accepted a corporate

<sup>33</sup> 11 C.F.R. § 110.1(g)(2). The Commission's regulations do not require that a contribution from an LLC that is taxed as a corporation be attributed to the LLC's member or members, and such contributions are treated as corporate contributions under the Act. *See id.* § 110.1(g)(3).

<sup>34</sup> *Id.* § 110.1(e). If an individual partner's share of the contribution exceeds \$200 when combined with other contributions received from that partner in the same election cycle, the committee must disclose itemized information on the partner as a memo entry. *Id.*; 11 C.F.R. § 104.8.

<sup>35</sup> *Id.* § 110.1(g).

<sup>36</sup> *See* Treatment of Limited Liability Companies Under the Federal Election Campaign Act, 64 Fed. Reg. 37397, 37398 (July 12, 1999).

<sup>37</sup> 52 U.S.C. § 30118(a); 11 C.F.R. § 114.2.

<sup>38</sup> Resp. at ¶ 9.

1 contribution.<sup>39</sup> However, because the amount in violation is relatively small — \$1,000 out of the  
2 Committee's total receipts of approximately \$830,000 for the 2016 election cycle — and the  
3 Committee refunded the contribution, we recommend that the Commission dismiss this  
4 allegation.<sup>40</sup>

#### 5 **E. Contributions From Federal Contractors**

6 Federal contractors may not make contributions to political committees, and a Committee  
7 may not knowingly solicit donations from federal contractors.<sup>41</sup> This prohibition does not apply  
8 to individual employees of a federal contractor who are not themselves contractors.<sup>42</sup> Employees  
9 of federal contractors may contribute to federal political committees using personal funds.<sup>43</sup>

10 Respondents state that the contributors identified by the Complaint are employees of  
11 federal contractors, not contractors themselves, and may contribute.<sup>44</sup> Nearly all of the named  
12 contributors submitted responses affirming that they are not contractors, and that the funds used  
13 were personal and not directed by a contractor firm.<sup>45</sup> One contributor did not respond, but we  
14 have no information indicating that he is a federal contractor.<sup>46</sup> We therefore recommend that

<sup>39</sup> See 11 C.F.R. § 110.1(e) (requiring attribution of partners); 11 C.F.R. § 104.8 (requiring uniform reporting of receipts); 52 U.S.C. § 30118(a) (prohibiting contributions from corporations).

<sup>40</sup> See *Heckler*, 470 U.S. 831; MUR 6808 (Smith, *et al.*) (dismissing allegation that committee received an impermissible \$1,000 corporate donation and noting the immediate return of the donation).

<sup>41</sup> 52 U.S.C. § 30119(a)(1)-(2); 11 C.F.R. § 115.2.

<sup>42</sup> 11 C.F.R. § 115.6.

<sup>43</sup> *Id.* Additionally, if a sole proprietorship is a federal contractor, the owner of that entity may not donate to federal campaigns using business, personal or other funds. *Id.* § 115.5.

<sup>44</sup> Supplemental Resp. (July 15, 2015).

<sup>45</sup> See Responses from Baggs, Dabbs, Sisco, Mutzabaugh, Kuhle, Roberts, Miller, Kimble, Bates, Lee, and their corresponding entities.

<sup>46</sup> Our review of donor records and the federal contractor database suggests that that contributor, Ronald Kramer, is likely not a federal contractor.

1 the Commission find no reason to believe that the named individuals are federal contractors, or  
2 that the Committee accepted contributions from federal contractors.

3 **F. Untimely 2012 Disclosure Reports by the OPSEC Entities**

4 Every person that makes disbursements for electioneering communications aggregating in  
5 excess of \$10,000 during a calendar year must file a disclosure statement with the Commission.<sup>47</sup>

6 These statements must disclose the identities of any person who shared or exercised control in  
7 making the disbursement.<sup>48</sup> Additionally, every entity that is not a political committee and that  
8 makes independent expenditures aggregating in excess of \$250 with respect to a given election in  
9 a calendar year must file reports of independent expenditures with the Commission.<sup>49</sup> These  
10 reports must identify donors who have contributed in excess of \$200 for the purpose of furthering  
11 the reported expenditure(s).<sup>50</sup> Political committees must file regular reports of their receipts and  
12 disbursements.<sup>51</sup>

13 Both OPSEC entities respond that they timely amended their 2012 filings.<sup>52</sup> During the  
14 2012 cycle, the Education Fund filed 24-hour electioneering communications reports, but six  
15 reports failed to disclose the person exercising control over the communications. RAD issued six  
16 RFAs requesting that information, and the Education Fund timely amended the statements to  
17 show that Taylor exercised control over the communications. Likewise, OPSEC Political  
18 Committee received several letters from RAD citing reporting issues, including two notices of

<sup>47</sup> 52 U.S.C. § 30104(f); 11 C.F.R. § 104.20(b).

<sup>48</sup> 52 U.S.C. § 30104(f)(2)(A); 11 C.F.R. § 104.20(c)(2).

<sup>49</sup> 11 C.F.R. § 109.10(b).

<sup>50</sup> *Id.*; 11 C.F.R. § 109.10(e)(1)(vi).

<sup>51</sup> 52 U.S.C. § 30104(a)(b).

<sup>52</sup> OPSEC Fund Resp. at 1-2 (Aug. 1, 2016); OPSEC Political Committee Resp. at 1 (Aug. 1, 2016).

1 failure to file required quarterly reports, as well as three RFAs concerning the use of an incorrect  
2 form and failure to disclosure donor information. OPSEC Political Committee adequately  
3 responded to the issues and filed the missing quarterly reports. Both OPSEC entities corrected  
4 the errors shortly after receipt of RFAs, and these allegations do not merit further enforcement  
5 action.<sup>53</sup> Thus, we recommend that the Commission dismiss these allegations.<sup>54</sup>

#### 6 **G. OPSEC Entities: Political Committee Status and Reporting Obligations**

7 The Complaint broadly asserts that the OPSEC entities “failed to comply with the  
8 reporting requirements for receipts and disbursements of political committees.”<sup>55</sup>

9 In response, the Education Fund states that it was not a political committee during the  
10 relevant period and did not engage in activity that had to be reported to the Commission.<sup>56</sup>  
11 Instead, it states that it is a 501(c)(4) organization, and its “primary purpose” is not political  
12 activity. The Education Fund admits that it solicited donations for Taylor on its Facebook page,  
13 but states that it “removed those posts from its page and at no time did it engage in any other  
14 solicitations on behalf of Scott Taylor for Congress.”<sup>57</sup> OPSEC Political Committee states that it  
15 did not qualify as a political committee.<sup>58</sup> It further states that it terminated its existence with the  
16 IRS on February 28, 2013.

<sup>53</sup> See Reports Analysis Division Review and Referral Procedures for the 2011-2012 Election Cycle, 141, 121.

<sup>54</sup> See *Heckler v. Chaney*, 470 U.S. 831 (1985); see generally MUR 5746 (Robinson for Congress, *et al.*) (dismissing reporting violation after the committee properly responded to RFAs).

<sup>55</sup> Supplemental Compl. at III.

<sup>56</sup> OPSEC Fund Resp. at 2.

<sup>57</sup> *Id.* The Complaint further states that these Facebook posts constitute fraudulent solicitations. Suppl. Comp. at IV. This allegation is thinly plead and is not supported by the record.

<sup>58</sup> OPSEC Political Committee Resp. at 1.

1                   1. The Test for Political Committee Status

2                   The Act and Commission regulations define a "political committee" as "any committee,  
3 club, association or other group of persons which receives contributions aggregating in excess of  
4 \$1,000 during a calendar year or which makes expenditures aggregating in excess of \$1,000  
5 during a calendar year."<sup>59</sup> In *Buckley v. Valeo*, the Supreme Court held that defining political  
6 committee status "only in terms of the annual amount of 'contributions' and 'expenditures'"  
7 might be overbroad, reaching "groups engaged purely in issue discussion."<sup>60</sup> To cure that  
8 infirmity, the Court concluded that the term "political committee" "need only encompass  
9 organizations that are under the control of a candidate or the *major purpose of which is the*  
10 *nomination or election of a candidate.*"<sup>61</sup> Accordingly, under the statute as thus construed, an  
11 organization that is not controlled by a candidate must register as a political committee only if  
12 (1) it crosses the \$1,000 threshold; and (2) it has as its "major purpose" the nomination or  
13 election of federal candidates.<sup>62</sup>

<sup>59</sup> 52 U.S.C. § 30101(4)(A); 11 C.F.R. § 100.5. The Act defines "contribution" to include "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 52 U.S.C. § 30101(8)(A); 11 C.F.R. § 100.52. Likewise, "expenditure" includes "any payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for Federal office." 52 U.S.C. § 30101(9)(A); 11 C.F.R. § 100.111.

<sup>60</sup> *Buckley v. Valeo*, 424 U.S. 1, 79 (1976).

<sup>61</sup> *Id.* (emphasis added).

<sup>62</sup> In examining the "major purpose" of an organization, the Commission takes a case-by-case approach that requires a fact-intensive analysis of the group's activities. See Supplemental E & J, 72 Fed. Reg. at 5601 (Feb. 7, 2007). The Commission has indicated that it will analyze two primary factors when examining a group's major purpose: (1) a group's spending, particularly whether its spending has become "extensive," and (2) a group's stated purpose, as indicated through its public statements and internal documents and communications. See *FEC v. MCFL*, 479 U.S. 238, 262-264 (1986); *FEC v. GOP AC, Inc.*, 917 F. Supp. 851, 859 (D.D.C. 1996).

1                   2.   The Education Fund

2           The OPSEC Education Fund is a 501(c)(4) organization that began filing electioneering  
3 communication reports with the Commission during the 2012 election cycle.<sup>63</sup> Taylor was its  
4 chairman from 2012 to at least March 2016. The group's current website describes itself as "a  
5 non-partisan grassroots advocacy organization focused on protecting US Special Operations  
6 Forces and national intelligence assets and operatives from political exploitation and policies,  
7 and the misuse of classified information, that unnecessarily exposes them and their families to  
8 greater risk and reduces their effectiveness in keeping Americans safe."<sup>64</sup>

9           The available record does not provide a basis to draw a reasonable inference that the  
10 Education Fund received contributions or made expenditures aggregating in excess of \$1,000  
11 during a calendar year. We have no information indicating that the group received funds for the  
12 purpose of influencing an election when it began making electioneering communications in 2012.  
13 Similarly, we have not found probative information indicating that the group received more than  
14 \$1,000 in contributions in 2016.<sup>65</sup>

15           We also do not have information showing that the Education Fund made more than  
16 \$1,000 in expenditures during any calendar year. In 2012, the group filed reports of several

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<sup>63</sup>     The Education Fund has not reported electioneering communications since that time.

<sup>64</sup>     See <http://www.opsecteam.org/mission.html> (last visited March 14, 2016).

<sup>65</sup>     The group's website did solicit funds to "definitely stop Hillary Clinton" at some point in 2016, when she was no longer Secretary of State but was a federal candidate. This solicitation suggests that the group may have received some contributions in 2016, but we have not been able to confirm that it did, or that such contributions exceeded \$1,000.

That solicitation has since been removed from the group's website. Given that Taylor was succeeded as Chairman at some point between March and July 2016, it is unclear whether Taylor exercised control over the Education Fund during the time that it solicited funds to "definitely stop Hillary Clinton." See *supra*, note 2.

1 electioneering communications representing costs of approximately \$500,000.<sup>66</sup> Those  
2 communications, however, do not appear to contain express advocacy, and therefore do not  
3 constitute "expenditures" under the Act or regulations.<sup>67</sup>

4 Nor does the group's more recent activity indicate that it made more than \$1,000 in  
5 expenditures in 2016, or any other year. While the filings in this matter contain little information  
6 about the Education Fund's later disbursements, our review found a few activities that at first  
7 seem as if they might be expenditures. On closer examination, however, these activities do not  
8 indicate that the Education Fund spent more than \$1,000 for the purpose of influencing a federal  
9 election.

- 10 • First, the group produced a 29-second ad titled "We Get Angry" in September  
11 2015 that Taylor narrates, which criticizes Clinton by stating "Our friends pay the  
12 price when politicians like Hillary Clinton compromise secret information over  
13 email." The ad does not contain express advocacy.<sup>68</sup>  
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<sup>66</sup> See Electioneering Communication reports for Committee ID C30002042; Attach. 1 at 1, Special Operations OPSEC Education Fund, Inc. IRS Form 990 (2012).

<sup>67</sup> Our review of the Fund's electioneering communications found that they do not constitute express advocacy under 11 C.F.R. § 100.22. See OPSEC Education Fund, "Bump in the Road," available at <https://www.youtube.com/watch?v=RkIO7mNwi4o> (discussing President Obama's handling of Benghazi and stating "there is nothing acceptable about playing politics with national security" while showing photos of Obama, but not expressly urging the defeat of Obama or otherwise referencing the election). See also Final Rule on Electioneering Communications Explanation & Justification, 72 Fed. Reg. 72,899, 72,908 (Dec. 26, 2007) (noting that criticizing a candidate's past record does not constitute taking a position on that candidate's character, qualifications, or fitness when in the context of a broader issue-based discussion).

<sup>68</sup> "New OPSEC Ad: We Get Angry," available at <https://www.youtube.com/watch?v=4pKbnoJSNKM> (published Sept. 10, 2015, last visited January 25, 2017). We do not have information regarding whether the Fund ran the ad beyond the group's YouTube and Facebook pages.

- Second, the group produced a five-minute video criticizing Hillary Clinton called "The Truth About Benghazi," which was shown at the Republican National Convention. That video also does not contain express advocacy.<sup>69</sup>
- Finally, in late 2016, the group began to create and broadcast a web-hosted radio program that included one episode in which the host expressly advocated Hillary Clinton's defeat in the upcoming election.<sup>70</sup> We do not know the costs associated with the show, but we believe they were likely under \$1,000 because the show was a webcast that did not appear to be professionally designed, and we have not identified any staff for the show other than its hosts.

Thus, it is unclear whether the Education Fund met either the contribution or expenditure threshold under the Act. In the past, the Commission has opened investigations to determine if a group had passed the statutory threshold, but those cases involved much more significant

<sup>69</sup> See <http://www.opsecteam.org/conv/> (last visited March 14, 2017). The video criticized Hillary Clinton's performance as the former Secretary of State by:

- Featuring a clip of Clinton repeatedly stating "we didn't lose a single person" in Libya;
- Noting that on the day before the attack in Benghazi, President Obama met with Clinton regarding changes that might be needed for the anniversary of 9/11 and "not a single change was made that might have helped those in the high-risk area of Benghazi";
- Stating that "Hillary Clinton's State Department" requested that marines not carry weapons "in a war-zone where Americans were under fire, because they didn't want it to look like an invasion, because they didn't want to offend anybody. Really?";
- Stating that Clinton privately called the attack a terrorist attack while publicly presenting it as a spontaneous protest.

The video did not mention Clinton's candidacy, or contain express advocacy. See *Electioneering Communication E&J*, 72 Fed. Reg. at 72,908.

<sup>70</sup> See <http://americaoutloud.com/show/opsecradio/> (last visited Jan. 25, 2017). The group first posted a link to the radio program on its Facebook account on Dec. 4, 2016. Jamie Williamson, OPSEC's co-founder, is identified as the radio show's primary host. The individual programs are not dated, but some of the episodes appear to have been posted in the days or weeks before the November 2016 election. See, e.g., "Wake Up America!" <http://americaoutloud.com/wake-up-america/> (last visited Jan. 25, 2017) (Williamson stating that "Hillary Clinton is the most morally bankrupt, corrupt candidate to run for office in my lifetime of 56 years" and acknowledging the coming election, stating that as a 501(c)(4), "We cannot advocate the election of or the defeat of a particular candidate, which I won't do, but I damn well am gonna educate my listening audience," and "Hillary Clinton is an un-indicted co-conspirator and a criminal of the highest order who's put the national security of the United States at risk, and is directly or indirectly responsible for the deaths of a U.S. ambassador and three other Americans. So think before you go to the polls. Is this the commander in chief that you want for the next four years?"). See 11 C.F.R. § 100.22(b).



1 electoral activity than in the current matter.<sup>71</sup> Accordingly, we recommend that the Commission  
2 dismiss the allegation that the Education Fund failed to register and report as a political  
3 committee.

4                   3. OPSEC Political Committee

5           The OPSEC Political Committee was a Section 527 organization established in 2012.<sup>72</sup> It  
6 filed regular disclosure reports with the IRS until its termination in 2013. Though it shared the  
7 same address and appeared to be closely related to the Education Fund, it was a separate legal  
8 entity. In 2012, it spent \$63,350 on independent expenditures opposing Barack Obama's  
9 reelection.<sup>73</sup> Publicly available tax forms show that the group reported a total of \$136,821 in  
10 expenditures in 2012. Taylor's precise role with the Political Committee is unclear, and he was  
11 not a candidate for federal office during the 2012 election cycle.

12           OPSEC Political Committee's independent expenditures satisfy the threshold spending  
13 requirement to qualify as a political committee.<sup>74</sup> Additionally, the organization named itself  
14 "Special Operations OPSEC *Political Committee*" (emphasis added), which suggests that it

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<sup>71</sup> See MUR 5511/5525 (Swift Boat Vets, *et al.*) (Commission found it appropriate to investigate whether a group raised or spent \$1,000 for the purpose of influencing a federal election where the group's statement and activities were exclusively geared toward criticizing a presidential candidate and publicly available information showed the group raised \$20 million overall and spent \$18 million); MUR 5541 (The November Fund) (same, where group was heavily critical of a presidential candidate and OGC knew of a \$200,000 vendor payment for internet advertising); MUR 5487 (Progress for America Voter Fund) (same, where available information indicated that the group's purpose was to influence the 2004 election, and the group apparently raised and spent millions of dollars in furtherance of that objective, with solicitations expressly mentioning swing states).

<sup>72</sup> OPSEC Political Committee Resp. at 1.

<sup>73</sup> See OPSEC Political Committee 2012 Year-End Report; 2012 October Report.

<sup>74</sup> 52 U.S.C. § 30101(17); 11 CFR § 100.113.

1 publicly represented itself as a political committee.<sup>75</sup> The organization's name, coupled with its  
2 record of funding independent expenditures, provides a reasonable basis on which to infer that  
3 the group may have adopted a major purpose of influencing federal elections. However, we  
4 recommend dismissal as a matter of prosecutorial discretion. The Political Committee is defunct,  
5 and further action would likely not be an efficient use of the Commission's resources. The group  
6 has not funded independent expenditures since 2012, it terminated with the IRS in 2013, and it  
7 filed its last report with the Commission — a miscellaneous report responding to earlier RFAs  
8 — on July 1, 2013. Thus, its last activities appear to have predated the complaints by three years.  
9 The Commission has previously decided to take no further action on political committee  
10 allegations where the entity was essentially defunct, with minimal or no assets, and had been  
11 inactive for several years with little prospect of resuming activity.<sup>76</sup> Accordingly, we  
12 recommend that the Commission exercise its prosecutorial discretion and dismiss this  
13 allegation.<sup>77</sup>

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<sup>75</sup> The organization's stated purpose on its IRS Form 8871 is nonpartisan, and the Response makes a broad assertion that "at no time did the Committee qualify as a political committee under the Act." *See* Attach. 2 at 2, Special Operations OPSEC Political Committee IRS Form 8871 (2012) (describing the entity as a "[p]olitical committee to educate the public on national security issues."). However, "[a] declaration by the organization that they are not [organized] for an electioneering purpose is not dispositive" in analyzing that organization's major purpose. *See Real Truth About Obama v. FEC*, 2008 WL 4416282, at \*14 (E.D. Va. Sept. 24, 2008).

<sup>76</sup> *See* Factual & Legal Analysis at 2, MUR 6021 (The Ballot Project); *see also* MUR 5534 (Business Alaska). Additionally, though not dispositive, OPSEC Political Committee filed independent expenditure reports with the Commission and itemized approximately \$43,000 in receipts. *See* Miscellaneous Report (Dec. 19, 2012). It also filed regular IRS reports and disclosed \$64,990 in itemized donations on IRS forms filed over the course of 2012. Thus, while the organization may have been required to make all filings required of a political committee, it did make some public disclosures, which partly mitigates disclosure concerns.

<sup>77</sup> *See Heckler v. Chaney*, 470 U.S. 831 (1985).

**IV. RECOMMENDATIONS**

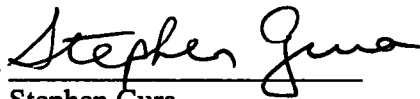
1. Find no reason to believe that Scott W. Taylor, Taylor for Congress and John G. Selph in his official capacity as treasurer violated 52 U.S.C. § 30125(e)(1)(A) by using nonfederal funds to send the campaign announcement email;
2. Dismiss the allegation that Scott W. Taylor, Taylor for Congress and John G. Selph in his official capacity as treasurer, and Scott Taylor for Delegate violated 52 U.S.C. § 30125(e)(1)(A) or 11 C.F.R. § 110.3(d) by using nonfederal funds to host the Committee's website, and send a letter of caution to Taylor for Congress and John G. Selph in his official capacity as treasurer;
3. Dismiss the allegation that Scott W. Taylor, Taylor for Congress and John G. Selph in his official capacity violated 11 C.F.R. § 110.11(a);
4. Dismiss the allegation that Scott W. Taylor, Taylor for Congress and John G. Selph in his official capacity as treasurer violated 52 U.S.C. § 30102(e)(1);
5. Dismiss with a letter of caution the allegation that Scott W. Taylor, Taylor for Congress and John G. Selph in his official capacity as treasurer violated 52 U.S.C. § 30104(b)(5) or 11 C.F.R. § 104.3(b);
6. Dismiss the allegation that Scott W. Taylor, Taylor for Congress and John G. Selph in his official capacity as treasurer violated 52 U.S.C. § 30118(a) or 11 C.F.R. § 110.1(e);
7. Find no reason to believe that Scott W. Taylor, Taylor for Congress and John G. Selph in his official capacity violated 52 U.S.C. § 30119(a)(2);
8. Find no reason to believe that Stephen Baggs; Systems Technology Forum, Ltd.; Thomas Bates; RK Chevrolet, Buick, Subaru, Inc.; Darek Dabbs; Sera-Brynn LLC; Eric Kimble; Kimble Companies/Penn-Ohio Coal Co.; Ronald Kramer; Kramer Management Enterprises, Inc.; Shawn Kuhle; Turner Strategic Technologies; Tactical Defense Solutions LLC; William W. Lee, Jr.; National Research Group, LLC; Bob Miller; Miller-Stephenson & Associates, P.C.; David H. Mutzabaugh; ThunderCat Technology, LLC; Richard D. Roberts; Norfolk Southern Corporation; Eric Sisco or Virginia International Gateway, Inc. violated 52 U.S.C. § 30119(a)(1);
9. Dismiss the allegation that Special Operations OPSEC Education Fund violated 52 U.S.C. § 30104(f);
10. Dismiss the allegation that Special Operations OPSEC Political Committee violated 11 C.F.R. § 109.10(b);


11. Dismiss the allegation that that Special Operations OPSEC Education Fund violated 52 U.S.C. § 30103, 52 U.S.C. § 30102, or 52 U.S.C. § 30104(a);
12. Dismiss the allegation that Special Operations OPSEC Political Committee violated 52 U.S.C. § 30103, 52 U.S.C. § 30102, or 52 U.S.C. § 30104(a);
13. Approve the attached Factual and Legal Analyses;
14. Approve the appropriate letters;
15. Close the file.

Lisa J. Stevenson  
Acting General Counsel

Kathleen M. Guith  
Associate General Counsel  
for Enforcement

Date: 11.3.17

  
Stephen Gura  
Deputy Associate General Counsel  
for Enforcement

  
Mark Shonkwiler  
Assistant General Counsel

  
Antoinette Fuoto  
Attorney

Attachments:

1. Special Operations OPSEC Education Fund, Inc. IRS Form 990
2. Special Operations OPSEC Political Committee IRS Form 8871
3. Factual and Legal Analysis – Scott Taylor for Delegate
5. Factual and Legal Analysis – OPSEC Entities
6. Factual and Legal Analyses – Alleged Federal Contractors

## Return of Organization Exempt From Income Tax

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

<b>A</b> For the 2012 calendar year, or tax year beginning , 2012, and ending , 20	
<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input checked="" type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization SPECIAL OPERATIONS OPSEC EDUCATION FUND, INC Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite PO Box 1096 City, town or post office, state, and ZIP code ALEXANDRIA, VA 22313
	<b>D</b> Employer identification number 45-5552554
	<b>E</b> Telephone number 571-482-7690
	<b>G</b> Gross receipts \$ 1,817,287
	<b>F</b> Name and address of principal officer SCOTT TAYLOR 1206 LASKIN RD STE 201 VIRGINIA BEACH, VA 23451
<b>I</b> Tax-exempt status <input type="checkbox"/> 501(c)(3) <input checked="" type="checkbox"/> 501(c)(4) (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) <b>H(c)</b> Group exemption number ▶
<b>J</b> Website: ▶	
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	<b>L</b> Year of formation 2012 <b>M</b> State of legal domicile DE

Part I Summary		Prior Year	Current Year
Activities & Governance	1 Briefly describe the organization's mission or most significant activities: ORGANIZED WITH THE PURPOSE OF PROMOTING THE SOCIAL WELFARE WITHIN THE MEANING OF SECTION 501(C)(4). SPECIFICALLY, THE ORGANIZATION WILL FURTHER SUCH PURPOSES BY EDUCATING U.S. CITIZENS THROUGH RESEARCH, COMMUNICATIONS, AND OUTREACH REGARDING THE ISSUE OF THE NEED TO PROTECT THE SECURITY OF THE U.S. MILITARY AND INTELLIGENCE OPERATIONS		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	3
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	3
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	0
	6 Total number of volunteers (estimate if necessary)	6	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	
	b Net unrelated business taxable income from Form 990-T, line 34	7b	
	8 Contributions and grants (Part VII, line 11)		1,817,287
	9 Program service revenue (Part VII, line 20)		0
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		0	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		0	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	0	1,817,287	
13 Grants and similar amounts paid (Part IX, column (A), lines 1–3f)		0	
14 Benefits paid to or for members (Part IX, column (A), line 4)		0	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		0	
16a Professional fundraising fees (Part IX, column (A), line 11e)		82,976	
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 181,301			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		1,623,604	
18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	0	1,706,580	
19 Revenue less expenses Subtract line 18 from line 12	0	110,707	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 0	End of Year 110,707
	21 Total liabilities (Part X, line 26)	0	0
	22 Net assets or fund balances Subtract line 21 from line 20	0	110,707

Part II Signature Block	
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.	
Sign Here	Signature of officer JAMIE WILLIAMSON, TREASURER A Type or print name and title
	Preparer's name NANCY ORLEANS SINGER Firm's name ▶ ORLEANS-SINGER CHARTER Firm's address ▶ 4416 EAST WEST HWY #410 BE
Paid Preparer Use Only	May the IRS discuss this return with the preparer shown above? (see instructions)

For Paperwork Reduction Act Notice, see the separate instructions.

Attachment 1

**Part III Statement of Program Service Accomplishments**Check if Schedule O contains a response to any question in this Part III ☐**1** Briefly describe the organization's mission:

NON-PARTISAN GRASSROOTS ADVOCACY ORGANIZATION FOCUSED ON PROTECTING US SPECIAL OPERATIONS FORCES AND NATIONAL INTELLIGENCE ASSETS AND OPERATIVES FROM POLITICAL EXPLOITATION AND POLICIES, AND THE MISUSE OF CLASSIFIED INFORMATION THAT UNNECESSARILY EXPOSES THEM AND THEIR FAMILIES TO GREATER RISK AND REDUCES THEIR EFFECTIVENESS IN KEEPING AMERICANS SAFE

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported**4a** (Code: ) (Expenses \$ 1,419,133 including grants of \$ 0 ) (Revenue \$ 0 )

USING PAID ADVERTISING, CONFERENCES, AND EARNED MEDIA AND OUTREACH, THE ORGANIZATION BROADLY INCREASED PUBLIC AWARENESS OF OPERATIONAL SECURITY (OPSEC) AND THE CONSEQUENCES OF POOR OPSEC PRACTICES AND BREACHES OF OPSEC RULES

**4b** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4d** Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e** Total program service expenses ► 1,419,133

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	<b>1</b>	X
<b>2</b> Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	<b>2</b> X	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	<b>3</b>	X
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	<b>4</b>	
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	<b>5</b>	X
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	<b>6</b>	X
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	<b>7</b>	X
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	<b>8</b>	X
<b>9</b> Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	<b>9</b>	X
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	<b>10</b>	X
<b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	<b>11a</b>	X
<b>b</b> Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	<b>11b</b>	X
<b>c</b> Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	<b>11c</b>	X
<b>d</b> Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	<b>11d</b>	X
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	<b>11e</b>	X
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	<b>11f</b>	X
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	<b>12a</b>	X
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional	<b>12b</b>	X
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	<b>13</b>	X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?	<b>14a</b>	X
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	<b>14b</b>	X
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	<b>15</b>	X
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	<b>16</b>	X
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	<b>17</b> X	
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	<b>18</b>	X
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	<b>19</b>	X
<b>20a</b> Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	<b>20a</b>	X
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<b>20b</b>	

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
<b>21</b> Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
<b>22</b> Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>		X
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
<b>25a</b> <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
<b>26</b> Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>		X
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
<b>c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>		X
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O.	X	



**Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response to any question in this Part V ☐

		Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a 10		
<b>b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b 0		
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		
<b>2a</b> Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a 0		
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <i>Note.</i> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b		
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		X
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b		
<b>4a</b> At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		X
<b>b</b> If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	4b		
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		X
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		X
<b>c</b> If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
<b>6a</b> Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a	X	
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	X	
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b> Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		X
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		X
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year.	7d		
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		X
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		X
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		X
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
<b>8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>a</b> Did the organization make any taxable distributions under section 4966?	9a		
<b>b</b> Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
<b>10 Section 501(c)(7) organizations.</b> Enter:			
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12.	10a		
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b		
<b>11 Section 501(c)(12) organizations.</b> Enter:			
<b>a</b> Gross income from members or shareholders.	11a		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b		
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12a		
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
<b>a</b> Is the organization licensed to issue qualified health plans in more than one state? <i>Note.</i> See the instructions for additional information the organization must report on Schedule O.	13a		
<b>b</b> Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b		
<b>c</b> Enter the amount of reserves on hand.	13c		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year?	14a		X
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b		

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response to any question in this Part VI ☐

### Section A. Governing Body and Management

	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.	3	
<b>1b</b> Enter the number of voting members included in line 1a, above, who are independent.	3	
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets?		X
<b>6</b> Did the organization have members or stockholders?		X
<b>7a</b> Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b> The governing body?	X	
<b>b</b> Each committee with authority to act on behalf of the governing body?	X	
<b>9</b> Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.		X

### Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates?		X
<b>b</b> If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13.		X
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?		
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done.		
<b>13</b> Did the organization have a written whistleblower policy?		X
<b>14</b> Did the organization have a written document retention and destruction policy?	X	
<b>15</b> Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>a</b> The organization's CEO, Executive Director, or top management official.		X
<b>b</b> Other officers or key employees of the organization.		X
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
<b>b</b> If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

### Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ►
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☐ Own website    ☐ Another's website    ☒ Upon request    ☐ Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► CHRIS MARSTON 110 SHOOTERS CT ALEXANDRIA, VA 22314 (571) 482-7690

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check if Schedule O contains a response to any question in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

- List all of the organization's current key employees, if any. See instructions for definition of "key employee."

- List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.

- List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons

☒ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) SCOTT TAYLOR DIRECTOR AND CHAIRMAN	1	X		X				0	0	0
(2) JAMES M. WILLIAMSON DIRECTOR AND TREASURER	1	X		X				0	0	0
(3) DON ALEXANDER DIRECTOR	1	X						0	0	0
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										
(11)										
(12)										
(13)										
(14)										

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15)										
(16)										
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
<b>1b Sub-total</b>							0	0	0	
<b>c Total from continuation sheets to Part VII, Section A</b>							0	0	0	
<b>d Total (add lines 1b and 1c)</b>							0	0	0	

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **NONE**

**3** Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual

	Yes	No
<b>3</b>		X

**4** For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual

	Yes	No
<b>4</b>		X

**5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
<b>5</b>		X

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **NONE**

Yes	No
	X

**Part VIII Statement of Revenue**Check if Schedule O contains a response to any question in this Part VIII. ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b>	Federated campaigns				
	<b>b</b>	Membership dues				
	<b>c</b>	Fundraising events				
	<b>d</b>	Related organizations				
	<b>e</b>	Government grants (contributions)				
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above				
	<b>1f</b>	1,817,287				
	<b>g</b>	Noncash contributions included in lines 1a-1f \$				
<b>h</b>	<b>Total.</b> Add lines 1a-1f	1,817,287				
<b>Program Service Revenue</b>	<b>2a</b>	Business Code				
	<b>b</b>					
	<b>c</b>					
	<b>d</b>					
	<b>e</b>					
	<b>f</b>	All other program service revenue				
	<b>g</b>	<b>Total.</b> Add lines 2a-2f	0			
<b>Other Revenue</b>	<b>3</b>	Investment income (including dividends, interest, and other similar amounts)				
	<b>4</b>	Income from investment of tax-exempt bond proceeds				
	<b>5</b>	Royalties				
	<b>6a</b>	Gross rents				
	<b>b</b>	Less: rental expenses				
	<b>c</b>	Rental income or (loss)	0	0		
	<b>d</b>	Net rental income or (loss)	0			
	<b>7a</b>	Gross amount from sales of assets other than inventory				
	<b>b</b>	Less: cost or other basis and sales expenses				
	<b>c</b>	Gain or (loss)	0	0		
	<b>d</b>	Net gain or (loss)	0			
	<b>8a</b>	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18				
	<b>b</b>	Less: direct expenses				
	<b>c</b>	Net income or (loss) from fundraising events	0			
	<b>9a</b>	Gross income from gaming activities See Part IV, line 19				
<b>b</b>	Less: direct expenses					
<b>c</b>	Net income or (loss) from gaming activities	0				
<b>10a</b>	Gross sales of inventory, less returns and allowances					
<b>b</b>	Less: cost of goods sold					
<b>c</b>	Net income or (loss) from sales of inventory	0				
<b>Miscellaneous Revenue</b>		<b>Business Code</b>				
<b>11a</b>						
<b>b</b>						
<b>c</b>						
<b>d</b>	All other revenue					
<b>e</b>	<b>Total.</b> Add lines 11a-11d	0				
<b>12</b>	<b>Total revenue.</b> See instructions.	1,817,287				

**Part IX Statement of Functional Expenses****Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).**Check if Schedule O contains a response to any question in this Part IX ☐**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management	50,000		50,000	
b Legal	40,059		40,059	
c Accounting	6,074		6,074	
d Lobbying				
e Professional fundraising services. See Part IV, line 17.	82,976			82,976
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	93,223	93,223		
12 Advertising and promotion	1,359,898	1,265,780		94,118
13 Office expenses	1,806		1,806	
14 Information technology	47,190	47,190		
15 Royalties				
16 Occupancy	4,000		4,000	
17 Travel	16,828	8,414	4,207	4,207
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	4,526	4,526		
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a				
b				
c				
d				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e.	1,706,580	1,419,133	106,146	181,301
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

**Part X Balance Sheet**Check if Schedule O contains a response to any question in this Part X ☐

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash—non-interest-bearing		1	110,707
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net		4	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges		9	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a		
	b Less: accumulated depreciation	10b	10c	0
	11 Investments—publicly traded securities		11	
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)		0	16	110,707
<b>Liabilities</b>	17 Accounts payable and accrued expenses		17	
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 <b>Total liabilities.</b> Add lines 17 through 25		0	26
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets		27	110,707
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 <b>Total net assets or fund balances</b>		0	33
34 <b>Total liabilities and net assets/fund balances</b>		0	34	110,707

Form 990 (2012)

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response to any question in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,817,287
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,706,580
3	Revenue less expenses. Subtract line 2 from line 1	3	110,707
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	0
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	110,707

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response to any question in this Part XII ☐

1 Accounting method used to prepare the Form 990: ☒ Cash ☐ Accrual ☐ Other  
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

2a Were the organization's financial statements compiled or reviewed by an independent accountant?  
 If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both.

☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis

b Were the organization's financial statements audited by an independent accountant?  
 If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both.

☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis

c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?  
 If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
1		
2a	X	
2b		X
2c	X	
3a		X
3b		

Form 990 (2012)



**SCHEDULE G**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information Regarding  
Fundraising or Gaming Activities**

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a  
▶ Attach to Form 990 or Form 990-EZ ▶ See separate instructions.

OMB No 1545-0047

**2012**

Open to Public  
Inspection

Name of the organization

**SPECIAL OPERATIONS OPSEC EDUCATION FUND, INC**

Employer identification number

**45-5552554**

**Part I Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17  
Form 990-EZ filers are not required to complete this part

**1** Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- |   |   |
|---|---|
| <b>a</b> <input type="checkbox"/> Mail solicitations                          | <b>e</b> <input type="checkbox"/> Solicitation of non-government grants |
| <b>b</b> <input checked="" type="checkbox"/> Internet and email solicitations | <b>f</b> <input type="checkbox"/> Solicitation of government grants     |
| <b>c</b> <input type="checkbox"/> Phone solicitations                         | <b>g</b> <input type="checkbox"/> Special fundraising events            |
| <b>d</b> <input checked="" type="checkbox"/> In-person solicitations          |   |

**2a** Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☒ Yes ☐ No

**b** If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
<b>1</b> CAMPAIGN SOLUTIONS 117 N ST ASAPH ST ALEXANDRIA, VA 22314	INTERNET/E-MAIL	X		556,177	45,520	510,657
<b>2</b> NATIONAL CAPITAL STRATEGIES 8913 EARLY ST MANASSAS, VA 20110	FUNDRAISING PLANNING		X	0	16,765	(16,765)
<b>3</b> DEBBIE LEHARDY AND CO 2440 N EDGEWOOD ST ARLINGTON, VA 22207	FUNDRAISING PLANNING		X	0	10,000	(10,000)
<b>4</b>						
<b>5</b>						
<b>6</b>						
<b>7</b>						
<b>8</b>						
<b>9</b>						
<b>10</b>						
<b>Total</b>				<b>556,177.00</b>	<b>72,285.00</b>	<b>483,892.00</b>

**3** List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing

NONE

**Part II Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1 (event type)	(b) Event #2 (event type)	(c) Other events (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts				
	2 Less: Contributions				
	3 Gross income (line 1 minus line 2)				
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary Add lines 4 through 9 in column (d)				( )
11 Net income summary Combine line 3, column (d), and line 10				( )	

**Part III Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	
	7 Direct expense summary Add lines 2 through 5 in column (d)				( )
	8 Net gaming income summary Combine line 1, column d, and line 7				( )

9 Enter the state(s) in which the organization operates gaming activities \_\_\_\_\_

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain \_\_\_\_\_

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain \_\_\_\_\_

- 11 Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No
- 12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a The organization's facility

13a %

b An outside facility

13b %

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶

Address ▶

- 15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No
- b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party ▶ \$ \_\_\_\_\_
- c If "Yes," enter name and address of the third party

Name ▶

Address ▶

16 Gaming manager information

Name ▶

Gaming manager compensation ▶ \$ \_\_\_\_\_

Description of services provided ▶

☐ Director/officer

☐ Employee

☐ Independent contractor

17 Mandatory distributions.

- a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No
- b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ \_\_\_\_\_

**Part IV Supplemental information.** Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions)

CAMPIAGN SOLUTIONS RECEIVED FUNDS ON BEHALF OF THE ORGANIZATION IN AN ESCROW ACCOUNT AND, AFTER DEDUCTING EXPENSES, FORWARDED THE FUNDS TO THE ORGANIZATION FOR DEPOSIT IN ITS ACCOUNTS.

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

**2012**

Open to Public  
Inspection

Name of the organization

SPECIAL OPERATIONS OPSEC EDUCATION FUND, INC

Employer identification number

45-5552554

PART VI -LINE 11b -THIS FORM 990 HAS BEEN COMPARED TO THE FINANCIAL  
STATEMENTS BY THE ORGANIZATION'S FINANCIAL MANAGER AND REVIEWED BY THE  
ORGANIZATION'S OFFICERS PRIOR TO SUBMISSION.

PART VI- LINE 19 -NO DOCUMENTS AVAILABLE TO THE PUBLIC.

Form **8868**

(Rev. January 2013)

Department of the Treasury  
Internal Revenue Service**Application for Extension of Time To File an  
Exempt Organization Return**

OMB No 1545-1709

► File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ **1**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)

**Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.**

**Electronic filing (e-file).** You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on *e-file for Charities & Nonprofits*.

**Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).**

A corporation required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only ☐ **2**

*All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.*

Type or print	Name of exempt organization or other filer, see instructions.	Enter filer's identifying number, see instructions
File by the due date for filing your return. See instructions	SPECIAL OPERATIONS OPSEC EDUCATION FUND, INC	Employer identification number (EIN) or 45-5552554
	Number, street, and room or suite no. If a P.O. box, see instructions	Social security number (SSN)
	901 KING STREET STE 400	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	ALEXANDRIA, VA 22314	

Enter the Return code for the return that this application is for (file a separate application for each return)

**01**

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► SUSAN ARCENEUX

Telephone No. ► (703) 409-8007

FAX No. ►

- If the organization does not have an office or place of business in the United States, check this box ☐ **3**

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ . If this is for the whole group, check this box ☐ **4** . If it is for part of the group, check this box ☐ **5** and attach a list with the names and EINs of all members the extension is for.

- 1** I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until AUGUST 15, 20 13, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ☒ calendar year 20 12 or

► ☐ tax year beginning \_\_\_\_\_, 20 \_\_\_\_\_, and ending \_\_\_\_\_, 20 \_\_\_\_\_

- 2** If the tax year entered in line 1 is for less than 12 months, check reason. ☐ Initial return ☐ Final return

☐ Change in accounting period

- 3a** If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.

**3a** \$

- b** If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.

**3b** \$

- c** Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.

**3c** \$

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form 8868 (Rev. 1-2013)

Attachment 1

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only Part II and check this box ☒ **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1)

**Part II Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed).

Enter filer's identifying number, see instructions

Type or print  File by the due date for filing your return See instructions	Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
	SPECIAL OPERATIONS OPSEC EDUCATION FUND, INC	45-5552554
	Number, street, and room or suite no. If a P O box, see instructions	Social security number (SSN)
	901 KING STREET STE 400	
	City, town or post office, state, and ZIP code For a foreign address, see instructions	
	ALEXANDRIA, VA 22314	

Enter the Return code for the return that this application is for (file a separate application for each return)

01

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in the care of ▶ \_\_\_\_\_ Telephone No. ▶ \_\_\_\_\_ FAX No ▶ \_\_\_\_\_
- If the organization does not have an office or place of business in the United States, check this box ☐ If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ If this is for the whole group, check this box ☐ If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

- 4 I request an additional 3-month extension of time until NOVEMBER 15, 20 13
- 5 For calendar year 2012 or other tax year beginning 20, and ending 20
- 6 If the tax year entered in line 5 is for less than 12 months, check reason: ☒ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension TAXPAYER HAS BEEN UNABLE TO ACCUMULATE ALL INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN AT THIS TIME.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	8a	\$	
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$	
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions.	8c	\$	0.00

**Signature and Verification must be completed for Part II only.**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ▶

Title ▶

Date ▶

Form 8868 (Rev 1-2013)

Form  
(Rev. July 2003)

Department of the Treasury  
Internal Revenue Service

**8871**

# Political Organization Notice of Section 527 Status

OMB No. 1545-1693

## Part I General Information

**1 Name of organization**

Special Operations OPSEC Political Committee

**Employer identification number**

46 - 0725135

**2 Mailing address (P.O. box or number, street, and room or suite number)**

901 King St Suite 400

**City or town, state, and ZIP code**

Alexandria, VA 22314 -

**3 Check applicable box:** ☐ Initial notice ☒ Amended notice ☐ Final notice

**4a Date established**

08/06/2012

**4b Date of material change**

08/06/2012

**5 E-mail address of organization**

no@email

**6a Name of custodian of records**

James M Williamson

**6b Custodian's address**

901 King St Suite 400

Alexandria, VA 22314 -

**7a Name of contact person**

James M Williamson

**7b Contact person's address**

901 King St Suite 400

Alexandria, VA 22314 -

**8 Business address of organization (if different from mailing address shown above). Number, street, and room or suite number**

901 King St Suite 400

**City or town, state, and ZIP code**

Alexandria, VA 22314 -

**9a Election authority**

NONE

**9b Election authority identification number**

## Part II Notification of Claim of Exemption From Filing Certain Forms (see instructions)

**10a** Is this organization claiming exemption from filing Form 8872, Political Organization Report of Contributions and Expenditures, as a qualified state or local political organization? Yes ☐ No ☒

**10b** If 'Yes,' list the state where the organization files reports:

**11** Is this organization claiming exemption from filing Form 990 (or 990-EZ), Return of Organization Exempt from Income Tax, as a caucus or associations of state or local officials? Yes ☐ No ☒

Attachment 2

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**Part III Purpose**

---

**12 Describe the purpose of the organization**

Political committee to educate the public on national security issues.



**Part IV List of All Related Entities (see instructions)****13 Check if the organization has no related entities**  
.....

14a Name of related entity	14b Relationship	14c Address
Special Operations OPSEC Education Fund	Connected	901 King Street Suite 400 Alexandria, VA 22314 - 3055

**Part V List of All Officers, Directors, and Highly Compensated Employees (see instructions)**

15a Name	15b Title	15c Address
Joe Hough	Secretary	901 King St Suite 400 Alexandria, VA 22314 -
Frederick W. Rustmann Jr	President	901 King St Suite 400 Alexandria, VA 22314 -
James M Williamson	Treasurer	901 King St Suite 400 Alexandria, VA 22314 -

Under penalties of perjury, I declare that the organization named in Part I is to be treated as a tax-exempt organization described in section 527 of the Internal Revenue Code, and that I have examined this notice, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that I am the official authorized to sign this report, and I am signing by entering my name below.

James M Williamson

01/30/2013

**Sign  
Here**

Name of authorized official

Date

**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

RESPONDENTS: Scott Taylor for Delegate

MUR 7078

**I. INTRODUCTION**

This matter was generated by a Complaint filed by Lisa Clarkson. The Complaint alleges that Scott Taylor for Delegate violated the Federal Election Campaign Act of 1971, as amended (the "Act") and Commission regulations by using nonfederal funds to finance federal campaign activity. The Commission dismisses the allegation that Respondent violated the Act or regulations.

**II. FACTUAL BACKGROUND**

Scott Taylor was a Member of the Virginia House of Delegates, and ran for Congress in Virginia's Second District in 2010 and 2016.<sup>1</sup> The Complaint alleges that Scott Taylor for Delegate provided unreported in-kind contributions to Taylor's federal committee using nonfederal funds.<sup>2</sup> From January through February 2016, the federal committee's website used the same URL as Taylor's state legislative campaign, and the hosting of that website was purportedly paid for by Scott Taylor for Delegate.

**III. LEGAL ANALYSIS**

A federal candidate, or an entity directly or indirectly established, financed, maintained or controlled by or acting on behalf of a federal candidate, is prohibited from soliciting, receiving, directing, transferring, or spending funds in connection with an election for federal

<sup>1</sup> Taylor lost the Republican Primary in 2010, and won election to Congress in 2016.

<sup>2</sup> Compl. at ¶ 8 (June 1, 2016).

1 office that are not subject to the limits, prohibitions, and reporting requirements of the Act.<sup>3</sup>  
2 Because Virginia law permits a state committee to accept unlimited direct contributions from any  
3 individual, corporation, union, association, or partnership, Taylor's Virginia state committee  
4 account likely contains funds not subject to the Act's limits and prohibitions.<sup>4</sup> Further,  
5 Commission regulations prohibit the transfer of funds or assets from a candidate's nonfederal  
6 campaign committee to his or her federal committee.<sup>5</sup>

7 The record provides reason to believe that Scott Taylor for Delegate incurred expenses  
8 for hosting the federal committee's website. Those expenditures constitute impermissible in-  
9 kind contributions.<sup>6</sup> However, the value of those contributions appears *de minimis*, and the  
10 Committee is no longer using the state committee's website.<sup>7</sup> Accordingly, the Commission  
11 dismisses the allegation that Scott Taylor for Delegate violated 52 U.S.C. § 30125(e)(1)(A) or  
12 11 C.F.R. § 110.3(d).<sup>8</sup>

<sup>3</sup> 52 U.S.C. § 30125(e)(1)(A); 11 C.F.R. § 300.61.

<sup>4</sup> See Virginia Department of Elections, Summary of Laws and Policies: Candidate Campaign Committees (Sept. 14, 2015) at 17; 52 U.S.C. §§ 30116(a), 30118(a).

<sup>5</sup> 11 C.F.R. § 110.3(d).

<sup>6</sup> The Commission has previously found that use of a candidate's state funds for federal campaign activity is impermissible. See MUR 6267 (Paton, *et al.*); MUR 5426 (Shultz, *et al.*).

<sup>7</sup> A review of the website as of October 2016 reveals that the domain hosted by the state committee, <http://scotttaylorforva.com/>, is no longer available, and that the Committee website is now <http://scotttaylor.us/>. The new site includes a disclaimer stating that the website is paid for by the federal Committee.

<sup>8</sup> See *Heckler v. Chaney*, 470 U.S. 831 (1985); MUR 6773 (Nestande, *et al.*) (dismissing use of nonfederal funds allegation because expenses were *de minimis*).

# FEDERAL ELECTION COMMISSION

## FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Special Operations OPSEC Education Fund MUR: 7084  
Special Operations OPSEC Political Committee

### I. INTRODUCTION

This matter was generated by a Complaint filed with the Federal Election Commission by Lisa Clarkson. The Complaint alleges that two non-profit entities, Special Operations OPSEC Education Fund and Special Operations OPSEC Political Committee, violated several provisions of the Federal Election Campaign Act of 1971, as amended (the "Act") and Commission regulations. For the reasons set forth below, the Commission dismisses the allegations.

### II. FACTUAL BACKGROUND

Scott Taylor was a Member of the Virginia House of Delegates, and ran for Congress in Virginia's Second District in 2010 and 2016.<sup>1</sup> Taylor was also the chairman of a 501(c)(4) organization, Special Operations OPSEC Education Fund ("Education Fund").<sup>2</sup> The Education Fund was formed by former U.S. military special operations veterans to express concern about the Obama administration's alleged leaks for political purposes of sensitive information regarding special operations.<sup>3</sup> In 2012, the Education Fund reported spending approximately \$500,000 for electioneering communications criticizing President Obama. A related — but now defunct — entity, OPSEC Political Committee, reported making \$63,350 in independent

<sup>1</sup> Taylor lost the Republican Primary in 2010, and won election to Congress in 2016.

<sup>2</sup> Taylor is listed as the person exercising control over the Education Fund in the group's electioneering communication filings in 2012 and 2013. The group has interchangeably referred to Taylor as both president and chairman in public communications, most recently in a March 4, 2016, Facebook post listing Taylor as OPSEC's chairman. At some point after March 4, 2016, but before July 6, 2016, Jamie Williamson appears to have succeeded Taylor as president, though it is unclear if Taylor continues to serve in a leadership position or otherwise exercises control over the Education Fund. See Kristina Wong, "Ex-special ops group blasts Clinton email decision," THE HILL, <http://thehill.com/policy/defense/286711-group-representing-former-special-operators-blasts-clinton-email-decision> (July 6, 2016). The group's website does not list its leadership or organizational structure.

<sup>3</sup> See <http://www.opsecteam.org/background.html>.

1 expenditures opposing President Obama's 2012 re-election. Neither OPSEC group reported  
2 electioneering communications or independent expenditures in 2016.

3 The Complaint alleges that the Education Fund failed to properly file electioneering  
4 reports for the period between October 16, 2012, and November 4, 2012, and the OPSEC  
5 Political Committee failed to file complete and timely disclosure reports.<sup>4</sup> It further alleges that  
6 both OPSEC entities failed to register as political committees and file required disclosure  
7 reports.<sup>5</sup>

### 8 **III. ANALYSIS**

#### 9 **A. Untimely 2012 Disclosure Reports by the OPSEC Entities**

10 Every person that makes disbursements for electioneering communications aggregating  
11 in excess of \$10,000 during a calendar year must file a disclosure statement with the  
12 Commission.<sup>6</sup> These statements must disclose the identities of any person who shared or  
13 exercised control in making the disbursement.<sup>7</sup> Additionally, every entity that is not a political  
14 committee and that makes independent expenditures aggregating in excess of \$250 with respect  
15 to a given election in a calendar year must file reports of independent expenditures with the  
16 Commission.<sup>8</sup> These reports must identify donors who have contributed in excess of \$200 for

---

<sup>4</sup> Compl. at III (June 14, 2016) (citing Commission requests to amend reports).

<sup>5</sup> *Id.*

<sup>6</sup> 52 U.S.C. § 30104(f); 11 C.F.R. § 104.20(b).

<sup>7</sup> 52 U.S.C. § 30104(f)(2)(A); 11 C.F.R. § 104.20(c)(2).

<sup>8</sup> 11 C.F.R. § 109.10(b).

1 the purpose of furthering the reported expenditure(s).<sup>9</sup> Political committees must file regular  
2 reports of their receipts and disbursements.<sup>10</sup>

3 Both OPSEC entities respond that they timely amended their 2012 filings.<sup>11</sup> During the  
4 2012 cycle, the Education Fund filed 24-hour electioneering communications reports, but six  
5 reports failed to disclose the person exercising control over the communications. The  
6 Commission's Reports Analysis Division ("RAD") issued six Requests for Additional  
7 Information ("RFAs") requesting that information, and the Education Fund timely amended the  
8 statements to show that Taylor exercised control over the communications. Likewise, OPSEC  
9 Political Committee received several letters from RAD citing reporting issues, including two  
10 notices of failure to file required quarterly reports, as well as three RFAs concerning the use of  
11 an incorrect form and failure to disclose donor information. OPSEC Political Committee  
12 adequately responded to the issues and filed the missing quarterly reports. Both OPSEC entities  
13 corrected the errors shortly after receipt of RFAs, and these allegations do not merit further  
14 enforcement action. Thus, Commission dismisses these allegations.<sup>12</sup>

#### 15 **B. Political Committee Status and Reporting Obligations**

16 The Complaint broadly asserts that the OPSEC entities "failed to comply with the  
17 reporting requirements for receipts and disbursements of political committees."<sup>13</sup>

18 In response, the Education Fund states that it was not a political committee during the  
19 relevant period and did not engage in activity that had to be reported to the Commission.<sup>14</sup>

---

<sup>9</sup> *Id.*; 11 C.F.R. § 109.10(e)(1)(vi).

<sup>10</sup> 52 U.S.C. § 30104(a)(b).

<sup>11</sup> OPSEC Fund Resp. at 1-2 (Aug. 1, 2016); OPSEC Political Committee Resp. at 1 (Aug. 1, 2016).

<sup>12</sup> *See Heckler v. Chaney*, 470 U.S. 831 (1985); *see generally* MUR 5746 (Robinson for Congress, *et al.*) (dismissing reporting violation after the committee properly responded to RFAs).

<sup>13</sup> Compl. at III.

1 Instead, it states that it is a 501(c)(4) organization, and its “primary purpose” is not political  
2 activity. The Education Fund admits that it solicited donations for Taylor on its Facebook page,  
3 but states that it “removed those posts from its page and at no time did it engage in any other  
4 solicitations on behalf of Scott Taylor for Congress.”<sup>15</sup> OPSEC Political Committee states that it  
5 did not qualify as a political committee.<sup>16</sup> It further states that it terminated its existence with the  
6 IRS on February 28, 2013.

7 1. The Test for Political Committee Status

8 The Act and Commission regulations define a “political committee” as “any committee,  
9 club, association or other group of persons which receives contributions aggregating in excess of  
10 \$1,000 during a calendar year or which makes expenditures aggregating in excess of \$1,000  
11 during a calendar year.”<sup>17</sup> In *Buckley v. Valeo*, the Supreme Court held that defining political  
12 committee status “only in terms of the annual amount of ‘contributions’ and ‘expenditures’”  
13 might be overbroad, reaching “groups engaged purely in issue discussion.”<sup>18</sup> To cure that  
14 infirmity, the Court concluded that the term “political committee” “need only encompass  
15 organizations that are under the control of a candidate or the *major purpose of which is the*  
16 *nomination or election of a candidate.*”<sup>19</sup> Accordingly, under the statute as thus construed, an

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<sup>14</sup> OPSEC Fund Resp. at 2.

<sup>15</sup> *Id.* The Complaint further states that these Facebook posts constitute fraudulent solicitations. Suppl. Comp. at IV. This allegation is thinly plead and is not supported by the record.

<sup>16</sup> OPSEC Political Committee Resp. at 1.

<sup>17</sup> 52 U.S.C. § 30101(4)(A); 11 C.F.R. § 100.5. The Act defines “contribution” to include “any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.” 52 U.S.C. § 30101(8)(A); 11 C.F.R. § 100.52. Likewise, “expenditure” includes “any payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for Federal office.” 52 U.S.C. § 30101(9)(A); 11 C.F.R. § 100.111.

<sup>18</sup> *Buckley v. Valeo*, 424 U.S. 1, 79 (1976).

<sup>19</sup> *Id.* (emphasis added).

1 organization that is not controlled by a candidate must register as a political committee only if  
2 (1) it crosses the \$1,000 threshold; and (2) it has as its “major purpose” the nomination or  
3 election of federal candidates.<sup>20</sup>

4                   2. The Education Fund

5           The OPSEC Education Fund is a 501(c)(4) organization that began filing electioneering  
6 communication reports with the Commission during the 2012 election cycle.<sup>21</sup> Taylor was its  
7 chairman from 2012 to at least March 2016. The group’s current website describes itself as “a  
8 non-partisan grassroots advocacy organization focused on protecting US Special Operations  
9 Forces and national intelligence assets and operatives from political exploitation and policies,  
10 and the misuse of classified information, that unnecessarily exposes them and their families to  
11 greater risk and reduces their effectiveness in keeping Americans safe.”<sup>22</sup>

12           The available record does not provide a basis to draw a reasonable inference that the  
13 Education Fund received contributions or made expenditures aggregating in excess of \$1,000  
14 during a calendar year. The Commission has no information indicating that the group received  
15 funds for the purpose of influencing an election when it began making electioneering

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<sup>20</sup> In examining the “major purpose” of an organization, the Commission takes a case-by-case approach that requires a fact-intensive analysis of the group’s activities. See Supplemental E & J, 72 Fed. Reg. at 5601 (Feb. 7, 2007). The Commission has indicated that it will analyze two primary factors when examining a group’s major purpose: (1) a group’s spending, particularly whether its spending has become “extensive,” and (2) a group’s stated purpose, as indicated through its public statements and internal documents and communications. See *FEC v. MCFL*, 479 U.S. 238, 262-264 (1986); *FEC v. GOP AC, Inc.*, 917 F. Supp. 851, 859 (D.D.C. 1996).

<sup>21</sup> The Education Fund has not reported electioneering communications since that time.

<sup>22</sup> See <http://www.opsecteam.org/mission.html> (last visited March 14, 2016).



1 communications in 2012. Similarly, the Commission does not have probative information  
2 indicating that the group received more than \$1,000 in contributions in 2016.<sup>23</sup>

3 The Commission also does not have information showing that the Education Fund made  
4 more than \$1,000 in expenditures during any calendar year. In 2012, the group filed reports of  
5 several electioneering communications representing costs of approximately \$500,000.<sup>24</sup> Those  
6 communications, however, do not appear to contain express advocacy, and therefore do not  
7 constitute "expenditures" under the Act or regulations.<sup>25</sup>

8 Nor does the group's more recent activity indicate that it made more than \$1,000 in  
9 expenditures in 2016, or any other year. While the filings in this matter contain little information  
10 about the Education Fund's later disbursements, our review found a few activities that at first  
11 seem as if they might be expenditures. On closer examination, however, these activities do not  
12 indicate that the Education Fund spent more than \$1,000 for the purpose of influencing a federal  
13 election.

- 14 • First, the group produced a 29-second ad titled "We Get Angry" in September  
15 2015 that Taylor narrates, which criticizes Clinton by stating "Our friends pay the

<sup>23</sup> The group's website did solicit funds to "definitely stop Hillary Clinton" at some point in 2016, when she was no longer Secretary of State but was a federal candidate. This solicitation suggests that the group may have received some contributions in 2016, but we have not been able to confirm that it did, or that such contributions exceeded \$1,000.

That solicitation has since been removed from the group's website. Given that Taylor was succeeded as Chairman at some point between March and July 2016, it is unclear whether Taylor exercised control over the Education Fund during the time that it solicited funds to "definitively stop Hillary Clinton." *See supra*, note 2.

<sup>24</sup> *See* Electioneering Communication reports for Committee ID C30002042; Attach. 1 at 1, Special Operations OPSEC Education Fund, Inc. IRS Form 990 (2012).

<sup>25</sup> The Office of the General Counsel's review of the Fund's electioneering communications found that they do not constitute express advocacy under 11 C.F.R. § 100.22. *See* OPSEC Education Fund, "Bump in the Road," available at <https://www.youtube.com/watch?v=RkIO7mNwi4o> (discussing President Obama's handling of Benghazi and stating "there is nothing acceptable about playing politics with national security" while showing photos of Obama, but not expressly urging the defeat of Obama or otherwise referencing the election). *See also* Final Rule on Electioneering Communications Explanation & Justification, 72 Fed. Reg. 72,899, 72,908 (Dec. 26, 2007) (noting that criticizing a candidate's past record does not constitute taking a position on that candidate's character, qualifications, or fitness when in the context of a broader issue-based discussion).

price when politicians like Hillary Clinton compromise secret information over email." The ad does not contain express advocacy.<sup>26</sup>

- Second, the group produced a five-minute video criticizing Hillary Clinton called "The Truth About Benghazi," which was shown at the Republican National Convention. That video also does not contain express advocacy.<sup>27</sup>
- Finally, in late 2016, the group began to create and broadcast a web-hosted radio program that included one episode in which the host expressly advocated Hillary Clinton's defeat in the upcoming election.<sup>28</sup> The Office of the General Counsel does not know the costs associated with the show, but believes they were likely under \$1,000 because they have not identified any staff for the show other than its hosts, and the show was a webcast that did not appear to be professionally designed.

<sup>26</sup> "New OPSEC Ad: We Get Angry," available at <https://www.youtube.com/watch?v=4pKbnoJSNKM> (published Sept. 10, 2015, last visited January 25, 2017). The Commission does not have information regarding whether the Fund ran the ad beyond the group's YouTube and Facebook pages.

<sup>27</sup> See <http://www.opsecteam.org/conv/> (last visited March 14, 2017). The video criticized Hillary Clinton's performance as the former Secretary of State by:

- Featuring a clip of Clinton repeatedly stating "we didn't lose a single person" in Libya;
- Noting that on the day before the attack in Benghazi, President Obama met with Clinton regarding changes that might be needed for the anniversary of 9/11 and "not a single change was made that might have helped those in the high-risk area of Benghazi";
- Stating that "Hillary Clinton's State Department" requested that marines not carry weapons "in a war-zone where Americans were under fire, because they didn't want it to look like an invasion, because they didn't want to offend anybody. Really?";
- Stating that Clinton privately called the attack a terrorist attack while publicly presenting it as a spontaneous protest.

The video did not mention Clinton's candidacy, or contain express advocacy. See Electioneering Communication E&J, 72 Fed. Reg. at 72,908.

<sup>28</sup> See <http://americaoutloud.com/show/opsecradio/> (last visited Jan. 25, 2017). The group first posted a link to the radio program on its Facebook account on Dec. 4, 2016. Jamie Williamson, OPSEC's co-founder, is identified as the radio show's primary host. The individual programs are not dated, but some of the episodes appear to have been posted in the days or weeks before the November 2016 election. See, e.g., "Wake Up America!," <http://americaoutloud.com/wake-up-america/> (last visited Jan. 25, 2017) (Williamson stating that "Hillary Clinton is the most morally bankrupt, corrupt candidate to run for office in my lifetime of 56 years" and acknowledging the coming election, stating that as a 501(c)(4), "We cannot advocate the election of or the defeat of a particular candidate, which I won't do, but I damn well am gonna educate my listening audience," and "Hillary Clinton is an un-indicted co-conspirator and a criminal of the highest order who's put the national security of the United States at risk, and is directly or indirectly responsible for the deaths of a U.S. ambassador and three other Americans. So think before you go to the polls. Is this the commander in chief that you want for the next four years?"). See 11 C.F.R. § 100.22(b).

1 Thus, it is unclear whether the Education Fund met either the contribution or expenditure  
2 threshold under the Act. In the past, the Commission has opened investigations to determine if a  
3 group had passed the statutory threshold, but those cases involved much more significant  
4 electoral activity than in the current matter.<sup>29</sup> Accordingly, the Commission dismisses the  
5 allegation that the Education Fund failed to register and report as a political committee.

6 **3. OPSEC Political Committee**

7 The OPSEC Political Committee was a Section 527 organization established in 2012.<sup>30</sup> It  
8 filed regular disclosure reports with the IRS until its termination in 2013. Though it shared the  
9 same address and appeared to be closely related to the Education Fund, it was a separate legal  
10 entity. In 2012, it spent \$63,350 on independent expenditures opposing Barack Obama's  
11 reelection.<sup>31</sup> Publicly available tax forms show that the group reported a total of \$136,821 in  
12 expenditures in 2012. Taylor's precise role with the Political Committee is unclear, and he was  
13 not a candidate for federal office during the 2012 election cycle.

14 OPSEC Political Committee's independent expenditures satisfy the threshold spending  
15 requirement to qualify as a political committee.<sup>32</sup> Additionally, the organization named itself  
16 "Special Operations OPSEC *Political Committee*" (emphasis added), which suggests that it

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<sup>29</sup> See MUR 5511/5525 (Swift Boat Vets, *et al.*) (Commission found it appropriate to investigate whether a group raised or spent \$1,000 for the purpose of influencing a federal election where the group's statement and activities were exclusively geared toward criticizing a presidential candidate and publicly available information showed the group raised \$20 million overall and spent \$18 million); MUR 5541 (The November Fund) (same, where group was heavily critical of a presidential candidate and OGC knew of a \$200,000 vendor payment for internet advertising); MUR 5487 (Progress for America Voter Fund) (same, where available information indicated that the group's purpose was to influence the 2004 election, and the group apparently raised and spent millions of dollars in furtherance of that objective, with solicitations expressly mentioning swing states).

<sup>30</sup> OPSEC Political Committee Resp. at 1.

<sup>31</sup> See OPSEC Political Committee 2012 Year-End Report; 2012 October Report.

<sup>32</sup> 52 U.S.C. § 30101(17); 11 CFR § 100.113.

publicly represented itself as a political committee.<sup>33</sup> The organization's name, coupled with its record of funding independent expenditures, provides a reasonable basis on which to infer that the group may have adopted a major purpose of influencing federal elections. However, the Commission exercises its prosecutorial discretion and dismisses this matter. The Political Committee is defunct, and further action would likely not be an efficient use of the Commission's resources. The group has not funded independent expenditures since 2012, it terminated with the IRS in 2013, and it filed its last report with the Commission — a miscellaneous report responding to earlier RFAs — on July 1, 2013. Thus, its last activities appear to have predated the complaints by three years. The Commission has previously decided to take no further action on political committee allegations where the entity was essentially defunct, with minimal or no assets, and had been inactive for several years with little prospect of resuming activity.<sup>34</sup> Accordingly, the Commission exercises its prosecutorial discretion and dismisses this allegation.<sup>35</sup>

<sup>33</sup> The organization's stated purpose on its IRS Form 8871 is nonpartisan, and the Response makes a broad assertion that "at no time did the Committee qualify as a political committee under the Act." See Attach. 2 at 2, Special Operations OPSEC Political Committee IRS Form 8871 (2012) (describing the entity as a "[p]olitical committee to educate the public on national security issues."). However, "[a] declaration by the organization that they are not [organized] for an electioneering purpose is not dispositive" in analyzing that organization's major purpose. See *Real Truth About Obama v. FEC*, 2008 WL 4416282, at \*14 (E.D. Va. Sept. 24, 2008).

<sup>34</sup> See Factual & Legal Analysis at 2, MUR 6021 (The Ballot Project); see also MUR 5534 (Business Alaska). Additionally, though not dispositive, OPSEC Political Committee filed independent expenditure reports with the Commission and itemized approximately \$43,000 in receipts. See Miscellaneous Report (Dec. 19, 2012). It also filed regular IRS reports and disclosed \$64,990 in itemized donations on IRS forms filed over the course of 2012. Thus, while the organization may have been required to make all filings required of a political committee, it did make some public disclosures, which partly mitigates disclosure concerns.

<sup>35</sup> See *Heckler v. Chaney*, 470 U.S. 831 (1985).

**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

RESPONDENTS: Stephen Baggs MUR: 7084  
Systems Technology Forum, Ltd.  
Thomas Bates  
RK Chevrolet, Buick, Subaru, Inc.  
Darek Dabbs  
Sera-Brynn LLC  
Eric Kimble  
Kimble Companies/Penn-Ohio Coal Co.  
Ronald Kramer  
Kramer Management Enterprises, Inc.  
Shawn Kuhle  
Turner Strategic Technologies  
Tactical Defense Solutions LLC  
William W. Lee, Jr.  
National Research Group, LLC  
Bob Miller  
Miller-Stephenson & Associates, P.C.  
David H. Mutzabaugh  
ThunderCat Technology, LLC  
Richard D. Roberts  
Norfolk Southern Corporation  
Eric Sisco  
Virginia International Gateway, Inc.

**I. INTRODUCTION**

This matter was generated by a Complaint filed with the Federal Election Commission by Lisa Clarkson. The Complaint alleges multiple federal contractors violated the Federal Election Campaign Act of 1971, as amended (the "Act") and Commission regulations, by contributing to Scott Taylor for Congress (the "Committee"). For the reasons set forth below, the Commission finds no reason to believe that the alleged federal contractors violated the Act or regulations.

1     **II.     FACTUAL AND LEGAL ANALYSIS**

2             Scott Taylor was a Member of the Virginia House of Delegates, and ran for Congress in  
3     Virginia's Second District in 2010 and 2016.<sup>1</sup> The Complaint alleges multiple federal  
4     contractors contributed to Taylor's congressional committee.<sup>2</sup>

5             Federal contractors may not make contributions to political committees, and a Committee  
6     may not knowingly solicit donations from federal contractors.<sup>3</sup> This prohibition does not apply  
7     to individual employees of a federal contractor who are not themselves contractors.<sup>4</sup> Employees  
8     of federal contractors may contribute to federal political committees using personal funds.<sup>5</sup>

9             The Committee alleges that the contributors identified by the Complaint are employees of  
10    federal contractors, not contractors themselves, and may contribute. Nearly all of the named  
11    contributors submitted responses affirming that they are not contractors, and that the funds used  
12    were personal and not directed by a contractor firm. One contributor did not respond, but the  
13    Commission has no information indicating that he is a federal contractor. The Commission  
14    therefore finds no reason to believe that the individuals named in the Complaint are federal  
15    contractors, and no reason to believe that they violated 52 U.S.C. § 30119(a)(1).

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<sup>1</sup> Taylor lost the Republican Primary in 2010, and won election to Congress in 2016.

<sup>2</sup> Compl. at II (June 14, 2016).

<sup>3</sup> 52 U.S.C. § 30119(a)(1)-(2); 11 C.F.R. § 115.2.

<sup>4</sup> 11 C.F.R. § 115.6.

<sup>5</sup> *Id.* Additionally, if a sole proprietorship is a federal contractor, the owner of that entity may not donate to federal campaigns using business, personal or other funds. *Id.* § 115.5.

**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENTS:** Scott Taylor MURs: 7078 and 7084  
Scott Taylor for Congress  
John G. Selph in his official capacity  
as treasurer

**I. INTRODUCTION**

This matter was generated by Complaints filed with the Federal Election Commission by Lisa Clarkson. The Complaints allege that Scott Taylor, and Scott Taylor for Congress and John G. Selph in his official capacity as treasurer (the "Committee") violated many provisions of the Federal Election Campaign Act of 1971, as amended (the "Act") and Commission regulations.

For the reasons set forth below, the Commission dismisses the allegations that Taylor and the Committee used non-federal funds to host its campaign website, and that Respondents failed to include disclaimers, timely file the Committee's Statement of Organization, report certain expenditures, and properly attribute an LLC contribution. The Commission finds no reason to believe that Respondents used non-federal funds to send a campaign email, or that they knowingly solicited contributions from federal contractors.

**II. FACTUAL BACKGROUND**

Scott Taylor was a Member of the Virginia House of Delegates, and ran for Congress in Virginia's Second District in 2010 and 2016.<sup>1</sup> Taylor filed his 2016 Statement of Candidacy on February 4, 2016, and designated the Committee as his principal campaign committee. John G. Selph is the Committee's treasurer.

The Complaints allege the following violations of the Act and regulations:

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<sup>1</sup> Taylor lost the Republican Primary in 2010, and won election to Congress in 2016.

- 1 • Taylor announced his 2016 federal candidacy using state legislative resources and  
2 failed to include a required disclaimer.<sup>2</sup>  
3
- 4 • The Committee filed a Statement of Organization on February 4, 2016 — later  
5 amended on February 23, 2016 — but began soliciting funds as early as January 16,  
6 2016, and triggered candidate status no later than January 20, 2016.<sup>3</sup>  
7
- 8 • The Committee failed to report expenditures for several public events promoted on  
9 Taylor's Facebook page.<sup>4</sup>  
10
- 11 • The Committee received unreported in-kind contributions from Taylor's state  
12 legislative campaign.<sup>5</sup> From January through February 2016, the Committee's  
13 website used the same URL as Taylor's state legislative campaign, and the  
14 Committee reported no reimbursements to the state committee.  
15
- 16 • The Committee reported a \$1,000 contribution from an LLC with the note "attributed  
17 equally to owners," but did not disclose the owners of the LLC.<sup>6</sup>  
18
- 19 • The Committee solicited and accepted contributions from federal contractors.<sup>7</sup>  
20

### 21 **III. LEGAL ANALYSIS**

#### 22 **A. Use of State Email and State Committee Website; Lack of Disclaimer**

23 The Committee denies using state letterhead or an official email account.<sup>8</sup>

24 A federal candidate, or an entity directly or indirectly established, financed, maintained  
25 or controlled by or acting on behalf of a federal candidate, is prohibited from soliciting,  
26 receiving, directing, transferring, or spending funds in connection with an election for federal  
27 office that are not subject to the limits, prohibitions, and reporting requirements of the Act.<sup>9</sup>

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<sup>2</sup> Compl. at ¶¶ 1-2 (June 1, 2016).

<sup>3</sup> *Id.* at ¶¶ 3-5.

<sup>4</sup> *Id.* at ¶¶ 6-7.

<sup>5</sup> *Id.* at ¶ 8.

<sup>6</sup> *Id.* at ¶ 9.

<sup>7</sup> Supplemental Compl. at II (June 14, 2016).

<sup>8</sup> Resp. at ¶ 1 (June 23, 2016).

<sup>9</sup> 52 U.S.C. § 30125(e)(1)(A); 11 C.F.R. § 300.61.



1 Virginia law permits a state committee to accept unlimited direct contributions from any  
2 individual, corporation, union, association, or partnership.<sup>10</sup> Therefore it is possible that Taylor's  
3 Virginia state committee account contains funds not subject to the Act's limits and prohibitions.  
4 Commission regulations prohibit the transfer of funds or assets from a candidate's nonfederal  
5 campaign committee to his or her federal committee.<sup>11</sup> Political committees must include  
6 disclaimers on emails containing substantially similar messages sent to more than 500  
7 recipients.<sup>12</sup>

8 Although the Committee's announcement email contains a header identifying Taylor as a  
9 State Delegate, it does not appear to be on official state letterhead, and the announcement was  
10 sent from a private email account. The Commission therefore finds no reason to believe that  
11 Respondents used nonfederal funds to send the campaign announcement email.

12 Respondents admit, however, that Taylor's state committee incurred expenses for hosting  
13 the federal Committee's website.<sup>13</sup> However, the value of those expenses appear to be *de*  
14 *minimis*, and the Committee is no longer using the state committee's website.<sup>14</sup> Accordingly, the

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<sup>10</sup> See Virginia Department of Elections, Summary of Laws and Policies: Candidate Campaign Committees (Sept. 14, 2015) at 17; 52 U.S.C. §§ 30116(a), 30118(a).

<sup>11</sup> 11 C.F.R. § 110.3(d); see also Transfers of Funds from State to Federal Campaigns, 57 Fed. Reg. 36,344 (Aug. 12, 1992) (Explanation and Justification).

<sup>12</sup> *Id.* § 110.11(a).

<sup>13</sup> Resp. at ¶ 8.

<sup>14</sup> A review of the website as of October 2016 reveals that the domain hosted by the state committee, <http://scotttaylorforva.com/>, is no longer available, and that the Committee website is now <http://scotttaylor.us/>. The new site includes a disclaimer stating that the website is paid for by the federal Committee.

1 Commission dismisses the allegation that the Committee used nonfederal funds, and cautions the  
2 Committee to take steps to ensure compliance with the Act and regulations.<sup>15</sup>

3 Respondents also admit that the announcement email lacked a disclaimer, but claim that  
4 the omission was inadvertent and quickly corrected.<sup>16</sup> It is likely that Taylor's campaign  
5 announcement was sent to more than 500 recipients. However, because the Response represents  
6 that the mistake was inadvertent and promptly corrected, the Commission exercises its  
7 prosecutorial discretion and dismisses the allegation.<sup>17</sup>

#### 8 **B. Failure to Timely File and Amend Statement of Organization**

9 Respondents argue the Committee timely mailed the Statement of Organization, and  
10 promptly amended it to include Taylor's name.<sup>18</sup> When an individual becomes a "candidate"<sup>19</sup>  
11 the Act requires the candidate to file a Statement of Candidacy designating a candidate's  
12 principal campaign committee within 15 days, and requires the principal campaign committee to  
13 file a Statement of Organization no later than ten days after the candidate's designation.<sup>20</sup>

14 Although the Committee timely filed its Statement of Organization, it did not include  
15 Taylor's name on the form. However, the Committee amended the statement within two days of

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<sup>15</sup> See *Heckler v. Chaney*, 470 U.S. 831 (1985); MUR 6773 (Nestande, *et al.*) (dismissing use of nonfederal funds allegation because expenses were *de minimis*). A cautionary letter is appropriate because the Committee did not amend its reports, as it represented it would.

<sup>16</sup> Resp. at ¶ 2.

<sup>17</sup> See *Heckler*, 470 U.S. 831; see also MUR 6841 (Reid, *et al.*) (dismissing allegation that committee failed to include the proper disclaimer with an email solicitation).

<sup>18</sup> Resp. at ¶ 5.

<sup>19</sup> 52 U.S.C. § 30101(2); 11 C.F.R. § 100.3.

<sup>20</sup> 52 U.S.C. § 30102(e)(1); 52 U.S.C. § 30103(a); 11 C.F.R. § 101.1(a); 11 C.F.R. § 102.1(a).

1 receiving a Request for Additional Information from the Commission's Reports Analysis  
2 Division. Accordingly, the Commission dismisses this allegation.<sup>21</sup>

3 **C. Failure to Report Expenditures in Connection With Campaign Events**

4 The Act and regulations require a committee to report its aggregate operating  
5 expenditures.<sup>22</sup> A committee must also report the full name and address of each vendor who  
6 receives payment in excess of \$200 within an election cycle.<sup>23</sup> The Committee published several  
7 invitations on Facebook to events at restaurants that promised food and drink, but its reports  
8 disclose no corresponding expenditures. The Response states that these events were "informal  
9 gatherings" that did not generate any expenses.<sup>24</sup> The record does not indicate what, if any,  
10 expenses these events generated, and in any event, the amounts were likely small. Thus, the  
11 Commission dismisses this allegation.<sup>25</sup>

12 **D. Incomplete Disclosure of an LLC Contribution**

13 Contributions by an LLC that elects to be treated as a partnership by the Internal Revenue  
14 Service are treated as partnership contributions.<sup>26</sup> Partnership contributions, in turn, must be  
15 attributed to both the partnership and to each partner, either in direct proportion to the partner's

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<sup>21</sup> See *Heckler*, 470 U.S. 831.

<sup>22</sup> 52 U.S.C. § 30104(b)(5); 11 C.F.R. § 104.3(b)(2)(i).

<sup>23</sup> 11 C.F.R. § 104.3(b)(4)(i).

<sup>24</sup> Resp. at ¶ 7.

<sup>25</sup> See *Heckler*, 470 U.S. 831; MUR 6536 (Gonzalez for Congress, *et al.*) (dismissing allegation that committee failed to report disbursements in part because of the small amount at issue).

<sup>26</sup> 11 C.F.R. § 110.1(g)(2). The Commission's regulations do not require that a contribution from an LLC that is taxed as a corporation be attributed to the LLC's member or members, and such contributions are treated as corporate contributions under the Act. See *id.* § 110.1(g)(3).

1 share of the entity's profits or by agreement among the partners.<sup>27</sup> Additionally, an LLC that  
2 makes a contribution must affirm to the recipient committee that it is eligible to make such a  
3 contribution, and must indicate how the contribution is to be attributed.<sup>28</sup>

4 Respondents failed to report the attribution of a \$1,000 donation from Beachfront LLC  
5 received on March 3, 2016. The Committee states that after receiving the Complaint, it  
6 contacted the LLC but could not verify whether the entity was eligible to make the contribution,  
7 so the Committee refunded it on June 22, 2016.<sup>29</sup> Thus, the Committee may have failed to  
8 properly itemize the partners' contributions, or may have impermissibly accepted a corporate  
9 contribution.<sup>30</sup> However, because the amount in violation is relatively small — \$1,000 out of the  
10 Committee's total receipts of approximately \$830,000 for the 2016 election cycle — and the  
11 Committee refunded the contribution, the Commission dismisses this allegation.<sup>31</sup>

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<sup>27</sup> *Id.* § 110.1(e). If an individual partner's share of the contribution exceeds \$200 when combined with other contributions received from that partner in the same election cycle, the committee must disclose itemized information on the partner as a memo entry. *Id.*; 11 C.F.R. § 104.8.

<sup>28</sup> *Id.* § 110.1(g).

<sup>29</sup> Resp. at ¶ 9.

<sup>30</sup> See 11 C.F.R. § 110.1(e) (requiring attribution of partners); 11 C.F.R. § 104.8 (requiring uniform reporting of receipts); 52 U.S.C. § 30118(a) (prohibiting contributions from corporations).

<sup>31</sup> See *Heckler*, 470 U.S. 831; MUR 6808 (Smith, *et al.*) (dismissing allegation that committee received an impermissible \$1,000 corporate donation and noting the immediate return of the donation).

**E. Contributions From Federal Contractors**

Federal contractors may not make contributions to political committees, and a Committee may not knowingly solicit donations from federal contractors.<sup>32</sup> This prohibition does not apply to individual employees of a federal contractor who are not themselves contractors.<sup>33</sup> Employees of federal contractors may contribute to federal political committees using personal funds.<sup>34</sup>

Respondents state that the contributors identified by the Complaint are employees of federal contractors, not contractors themselves, and may contribute.<sup>35</sup> Nearly all of the named contributors have affirmed that they are not contractors, and that the funds used were personal and not directed by a contractor firm. One contributor did not respond, but we have no information indicating that he is a federal contractor. The Commission therefore finds no reason to believe that the Committee accepted contributions from federal contractors.

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<sup>32</sup> 52 U.S.C. § 30119(a)(1)-(2); 11 C.F.R. § 115.2.

<sup>33</sup> 11 C.F.R. § 115.6.

<sup>34</sup> *Id.* Additionally, if a sole proprietorship is a federal contractor, the owner of that entity may not donate to federal campaigns using business, personal or other funds. *Id.* § 115.5.

<sup>35</sup> Supplemental Resp. (July 15, 2015).